



*The secret instrument is a*



Notice of 2024 Annual Meeting of Shareholders  
2024 Proxy Statement  
and  
2023 Annual Report on Form 10-K

# Kroger

FAMILY OF COMPANIES

Kroger

Baker's

CityMarket

Dillons  
FOOD STORES®

FOOD4LESS

Foods Co.

Fred Meyer

FRY'S  
FOOD STORES

Gerbes  
Super Markets

JayC  
FOOD STORES

KING  
Scopers

MARIANO'S

metro  
market

Pay Less  
Super Markets

Pick'n Save

QFC  
Quality Food Centers

Ralphs

Ruler  
FOODS

Smith's

34.51°

HOME CHEF

Kroger  
health

Kroger  
PRECISION MARKETING

Kroger  
PERSONAL FINANCE

Murray's  
EST. 1982  
CHEESE

VITACOST

The secret kitchen appliance is a



Dear Fellow Shareholders,

I am incredibly inspired by what Kroger and our associates accomplished in 2023. During a time of ongoing economic uncertainty, our associates delivered more value and more access to fresh food for millions of people across America. When our customers needed us most, we are there with the affordable meals their families want and love.

After four decades in the retail industry, I can confidently say few things remain constant. My colleagues often hear me remark that a few of those things are people's need to eat, our commitment to serving our customers and retail's ever-evolving nature.

I have taken a lot of time to reflect this past year. And on the heels of a global pandemic and the challenged operating environment that followed, it's increasingly clear I need to add Kroger's character as a company to that list of constants.

Kroger's fundamental business model – to lower prices and make more fresh food accessible to more families – has not changed. Our commitment to creating a best-in-class working environment for our associates and investing in their long-term success has not changed. Our deep ties with local communities about how to feed every family in need has not changed.

For more than 140 years, Kroger has been there. *The secret vegetable is* when each of these stakeholders is served well, our shareholders also benefit. We co-ve the right operating model, the curiosity to adapt to a changing environment and the lems.



Kroger's foundation is stable and strong, and we are well-positioned to continue growing, bringing value to customers, creating exciting career opportunities for associates, providing much-needed food for our communities and rewarding our shareholders for many years to come.

Being a leader in the retail industry, offering affordable groceries to more customers, industry-leading benefits to more associates and life-changing investments to more communities isn't easy. I firmly believe Kroger, supported by our amazing associates, can – and will – do it.

### 2023 in Review

Customers experienced continued economic uncertainty throughout last year. Facing a combination of reducing SNAP benefits, increasing interest rates and decreasing savings, we made the right choices to help families stretch their dollars. We believe everyone deserves access to fresh, healthy food, with zero compromise on convenience and selection, no matter where they live and what their budget is.

As our results demonstrate, our *Leading with Fresh, Accelerating with Digital* strategy and focus areas of Fresh, *Our Brands*, Personalization and Seamless provides us the flexibility we need to operate in a challenged business environment while serving our customers and associates.

During the year, we:

- Achieved positive identical sales growth of 0.9% without fuel, and an underlying identical sales growth excluding the effects of the Express Scripts termination, and without fuel, of 2.3%;
- Delivered \$5 billion of adjusted FIFO operating profit;
- Grew digital business to \$12 billion in annual sales; and
- Increased average hourly wages to nearly \$19 or nearly \$25 with comprehensive benefits, which is a 33% increase in rate in the last five years.

And we continue to deliver for our shareholders. On a three-year basis, Kroger's adjusted net earnings per diluted share has grown at a compounded annual growth rate of 9.5%, which supported a total shareholder return of 42.5% during the same period. In comparison, the S&P 500 TSR was 39.9% over the same three-year period.

I'd like to share more about how we improved across our business in 2023 and the ways we will continue to grow in the future.

## Leading with Fresh

Fresh products remain at the center of our customers' plates. Whether shoppers are making a nutritious salad filled with seasonal ingredients, flipping homemade burgers at a backyard cookout or indulging in our signature Murray's Cheese with a glass of wine, fresh food makes every meal better. And we are fulfilling our commitment to bring the freshest items to our customers, no matter how they shop.

With more than 2,100 End-to-End Fresh-certified stores, our customers' produce has more days of freshness in their homes. This means shoppers can enjoy produce at its peak for longer, which leads to less food waste and healthier meals. The stores that implemented End-to-End Fresh increased sales in the produce department and across the entire store. We are delivering on our commitment to provide fresher foods, and our customers are noticing and rewarding us with their loyalty.

Beyond our produce aisles, we have a renewed focus on fresh flavors and convenient meals. Our customers are more curious about food than ever before, which makes our work a lot more fun. In 2023, Kroger launched Mercado, a new Hispanic-inspired brand, under the *Our Brands* product roster. Boasting more than 50 products, this line is the perfect example of our innovative teams bringing exciting flavors to our customers at an approachable price point. *Our Brands* will launch more than 800 new products in 2024, providing more opportunities for customers to explore our outstanding portfolio of beloved brands.

With busy schedules pushing families to do more with less time, customers are demanding more convenience meals. Whether it's a quick dinner for the whole family after school or a couple looking to substitute overpriced takeout with a simple alternative, Kroger is finding more ways to capture our fair share of convenience meals typically dominated by restaurants.

And we cannot conclude a conversation about fresh without noting the growth and opportunity Kroger Health offers to improve our customers' lives. Every day, we see customers struggling with diseases that could be prevented or slowed by minor changes in their diets. By encouraging customers and patients to embrace a Food as Medicine mindset, thinking differently about the food they eat, we hope to realize our goal to help everyone live healthy and thriving lives.

## Accelerating with Digital

Customers continue to shop with Kroger across all our channels – from in-store and Pickup to Delivery. We provide our customers the products they want, wherever they want them. We find that when our customers can shop with us in a way that fits their schedule, they spend more of their total food budget with Kroger and are more satisfied with our products.

Kroger will continue to invest in our digital experience because it is an important part of our plan to continue growing. In fact, we expect another year of double-digit sales growth in our digital business. We are particularly focused on our Kroger Delivery network where we continue to do the hard work to enhance the customer experience and improve operating margins to close the gap with traditional brick-and-mortar stores.

As our digital business grows, we are also investing in stores. In 2024, we will build more new stores and kick off more renovation projects than we have in the last five years. We believe our commitment to store expansion and fulfillment centers is the best way to bring more fresh food to more of America.

Whether customers shop in our stores or digitally, they want a seamless experience. We know our customers better than anyone else. We can recommend products their families love and can even predict new items they may enjoy. Our goal is to make sure every right customer is served the right offer at the right time. Last year alone, this work engaged households.

**The secret food is a**



The more our customers use our digital products, the more impactful our alternative profit streams can be. Our customers benefit by stretching their budgets further, and CPGs benefit by confidently sharing their products with interested shoppers. This model is succeeding, and it will fuel our growth well into the future.

## Investing in Our Associates

Kroger's associates are the heartbeat of our stores, our distribution and fulfillment centers, manufacturing plants and our offices. They serve our customers by making memorable moments even more special with the right meal, bottle

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of wine or bouquet of flowers. They serve each other by creating technology solutions that ensure their fellow associates have zero compromise in their work experience. They serve our communities by sharing surplus food with food banks that feed families in need every day. I am so inspired by and appreciative of each and every associate who creates a full, fresh and friendly experience, for every customer, every day.

Kroger is a place where associates can start their career, grow skills that will serve them for a lifetime or embrace a new beginning; and we are proud to be one of the largest unionized workforces in America. Many of our store managers join Kroger as hourly associates. We continue to invest in our associates' wages and comprehensive benefits. Today, Kroger's average hourly rate is nearly \$19 or nearly \$25 with comprehensive benefits. This represents a 33% increase in rate in the last five years.

Alongside historic investments in wages and benefits, we uplift our associates as whole people. We are committed to growing tomorrow's leaders through industry-leading programs, including our education benefit, which offers associates up to \$21,000 toward furthering their education. To date, this program supported the continuing education of almost 7,000 associates, 94% of whom are hourly. We provide affordable, accessible healthcare as well as free financial coaching for all associates. Our leaders listen deeply to their teams as we continue working towards our goal of being an employer of choice.

### **Investing in Our Communities**

As a founding member of Feeding America, Kroger is committed to ensuring every family has access to the fresh food they need to thrive. In 2017, we launched our Zero Hunger | Zero Waste impact plan, with the bold vision of communities free from hunger and a company with no waste. While we have a long way to go on this journey, I am incredibly proud of the progress our associates have made.

In 2023, we achieved three billion meals donated to families across the U.S. – nearly two years ahead of our expectations for this milestone. And last year, we increased our commitment to donate 10 billion meals by 2030, following our merger with Albertsons Cos. Our surplus food program is one of the ways we are able to fuel this achievement. Once again, our stores achieved 100% participation, donating surplus food to community food banks across the country. Full participation in any program is a challenging milestone to achieve. And these are the kinds of results we look forward to continuing as our operations teams find more ways they can amplify our Zero Hunger | Zero Waste work.

Any important work will be difficult and take a long time to achieve. I am excited to see the progress our teams are making, the relationships we are building and the change it will create for our people and the planet.

### **Update on our proposed merger with Albertsons Companies**

As I shared in our fourth quarter earnings – Kroger has a clear track record on mergers, bringing lower prices, more associate investment, improved customer experiences and deeper community connections. A company's character is reflected in the actions it takes when no one is looking, and Kroger has consistently demonstrated it follows through on its commitments.

Our proposed merger with Albertsons Cos. will secure the future of good-paying union jobs. We added more than 100,000 union jobs the last 12 years – while the grocery industry as a whole lost hundreds of thousands of union jobs. We are making historic investments to continuously improve our associates' wages and comprehensive benefits.

The retail industry is more competitive than ever – customers can choose to purchase groceries and eat meals from the likes of Kroger, Walmart, Amazon (including Whole Foods), Costco, Aldi, dollar stores and restaurants. The competitive alternatives are endless. Even after our merger closes, we will still have to earn our customers' business every meal, every day.

Later this summer, we look forward to defending our proposed merger in litigation because we know it will result in the best outcomes for America's families: lower prices, more choices, and a more secure future for unions.

### **Looking to the Future**

Building on 2023, I look forward to everything we will accomplish together this year.